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REPORT ON

THE

WOMEN'S, MISSES', AND CHILDREN'S BLOUSES AND SHIRTWAISTS INDUSTRY

WOMEN'S
WEAR

Prepared by Economic Section
Wage and Hour Division, for
Industry Committee No. 2

June 5, 1939

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(1350B)

(3) REPORT ON WOMEN'S, MISSES', AND CHILDREN'S BLOUSES AND SHIRT WAISTS

Definition

The Census of Manufactures includes the manufacture of women's, misses' and children's blouses as a branch within the women's, misses', and children's apparel "related industry group."

Under the N.R.A. a single code covered both skirts and blouses. At first the "blouse industry" was defined to include the "manufacture and sale by the manufacturer, contractor or jobber . . . of women's, misses', and children's blouses, blousettes, waists, vestees, gilets, tunic blouses, and guimpes, when not sold as part of an ensemble or suit, irrespective of the manner of distribution thereof." However, it was later ruled by the N.R.A. that vestees, gilets, and guimpes were to be covered by the women's neckwear and scarf code. 1/

As provided by the code minimum hourly wages provided by the code for manufacturing employees ranged from 43 cents to $1.03 in New York City, from 40 cents to 93 cents in other cities over 250,000 population, and from 34 cents to 89 cents in cities of 250,000 or less. The minimum for non-manufacturing employees was 35 cents an hour in cities of over 250,000 population (including New York) and 30 cents in cities of 250,000 or less.

Blouses are also made by producers of children's wear, play suits, beach wear and neckwear during the peak seasons. 2/ The manufacture of blouses by certain firms subject to the children's and infants' wear code, led to controversy as to the jurisdiction of N.R.A. codes.

1/ National Recovery Administration, History of the Code of Fair Competition for the Blouse and Skirt Manufacturing Industries, p. 3.

2/ See Wage and Hour Division, Testimony, Mr. Ray, chairman, March 15, 1939, p.3.

Size and Location

In 1937 there were 128 regular factories and 64 contract factories with 6,404 wage earners 1/ producing blouses valued at $29,219,818 2/ (table 1). The blouse-making branch comprised about 2.7 percent of the firms, 2.6 percent of the wage earners, and 2.4 percent of the value of products of the women's, misses', and children's related industry group.

Table 1 - Women's, Misses' and Children's Blouses and Shirtwaists: Number of Establishments, Wage Earners and Value of Product, 1935 and 1937

Year	Establishments	Wage Earners a/	Value of Products b/
1935	224	6372	$28,818,618
1937	192	6404	29,219,818

a/ Average for year.
b/ Including receipts for contract work.
Source: Census of Manufactures, 1935 and 1937.

The production of blouses has increased steadily since 1929. In that year about 5,000,000 blouses were manufactured; by 1933 production had doubled, and in 1937 almost 22,000,000 blouses, or over four times the 1929 output, were produced (table 2). Statistics for the most recent period are not available; information from the trade, however, indicates a continued increase in blouse production in the last year and a half.

The 1937 Census of Manufactures lists 192 factories manufacturing blouses, and there are at present (spring 1939), according to the National Association of Blouse Manufacturers, 123 different firms in the field. The manufacture of blouses is concentrated in the metropolitan areas of seven states - California, Connecticut, Illinois, Massachusetts, New Jersey, and Pennsylvania (table 3). In 1937 about

1/ Average for year.
2/ Census of Manufactures.

Table 2 - Women's, Misses', and Children's Blouses and Shirtwaists: Production in Specified Years

Year	Number of Blouses	Value of Product 1/
1929	5,093,838	$10,672,474
1931	8,684,193	13,819,838
1933	10,531,635	13,373,737
1935	17,968,693	23,806,914
1937	21,976,080	25,255,833

1/ Excludes receipts for contract work. These figures refer to production of blouses wherever produced, whereas the figure previously given of $29,219,818 refers to the value of the total product of firms engaged primarily in the manufacture of blouses and also includes receipts for contract work.

Source: Census of Manufactures, 1929, 1935, 1937.

Table 3 - Women's, Misses', and Children's Blouses: Location by States

State	Establishments	Wage Earners 1/	Value of Product
Total U.S.	192	6404	$29,219,813
California 2/	21	563	2,058,278
Connecticut 3/	4	351	326,665
Illinois 4/	7	188	613,905
Massachusetts 5/	10	207	1,081,437
New Jersey 6/	7	384	308,288
New York 6/	93	2260	17,423,229
Pennsylvania 7/	34	1962	6,508,458
Other States	16	489	899,558

1/ Average for year.

2/ This includes 11 factories with 447 wage earners and a value of product of $1,668,637 in the Los Angeles industrial area; 10 factories with 116 wage earners and a product valued at $389,641 in the San Francisco-Oakland industrial area.

3/ Contract factories.

4/ Regular factories only. All factories are located in the Chicago industrial area

5/ Regular factories only. All factories are located in the Boston industrial area.

6/ The total for New Jersey plus New York includes 94 factories with 2,369 wage earners and a value of product of $17,526,029 in the New York - Jersey City - Newark industrial area.

7/ This includes 21 factories with 1,403 wage earners and a product valued at $5,927,948 in the Philadelphia - Camden industrial area.

Source: Census of Manufactures.

half of the factories, with about two-fifths of the wage earners, and producing about three-fifths of the product, were located in the region comprising the New York - Jersey City - Newark industrial area and Connecticut. 1/ The Philadelphia - Camden area accounts for about one-tenth of the firms, with one-fifth of the wage earners and one-fifth of the value of product. 2/ Los Angeles, Boston, Chicago, and San Francisco ranked next in order on the basis of value of product.

Employment

There was an average of about 6,500 employees in establishments manufacturing blouses and shirtwaists as their primary product in 1937. Since the production of blouses is highly seasonal, operating mainly during 6 months of the year, 3/ and since other factories manufacture blouses at the peak season, the maximum number of workers exceeds this average. The National Association of Blouse Manufacturers estimates the number of "manufacturing" employees at from 5,000 to 7,000, and the number of "non-manufacturing" employees at 1,500. 4/ "Manufacturing" employees include operators, cutters, pressers, finishers, markers, and pattern makers, spreader sample makers, and cleaners and examiners. 5/ It is not clear just what workers were included in the category of "non-manufacturing" employees.

Raw Materials

The raw materials used in the making of blouses and shirtwaists include cotton, rayon, velvet, metallic cloth, lace, silk, ribbon, some woolen and novelty fabrics and trimmings, buttons and thread. 6/

1/ Table 2 covers separately New York State as a whole, New Jersey as a whole and Connecticut. These three states as a whole have 54 percent of the factories, 47 percent of the wage earners and 62 percent of the value of products. Only factories with products valued at over $5,000 are included in the Census of Manufactures.

2/ Pennsylvania as a whole had about one-fifth of the factories, three-tenths of the wage earners and 22 percent of the value of product in 1937.

3/ Wage and Hour Division, Ibid., p.11.

4/ Wage and Hour Division, Ibid., p.2.

5/ Ibid., pp. 5-8.

6/ Wage and Hour Division, Ibid., pp.5-6.

Almost all the fabrics used are produced in the United States. In the case of woolen and worsted fabrics and cotton cloth, imports were about one percent of domestic production in 1935. 1/ "Of the apparent domestic consumption of all-silk and silk-mixed fabrics . . . in the years 1929, 1931, and 1933, about 96 percent of the value was supplied by domestic production." 2/ Imports of rayon are negligible.

Blouse fabrics are produced in practically all sections in which blouses are made. Twenty percent of the value of cotton textiles and 45 percent of the value of all textiles except wool are produced in New England and in the Middle Atlantic States close to the New York, Boston, and Philadelphia blouse markets, while the bulk of the wool textile industry is in the New England and the Middle Atlantic States.

Market-Price Arrangements

Blouses are sold at established wholesale and retail prices. About 85 percent of the blouses sell for $2.00 or less at wholesale 3/ (table 4). Such blouses retail at $2.95 or less.

Table 4 - Blouses and Shirtwaists: Distribution of Product by Wholesale Price

Wholesale Price Range	Percentage of Production	
	Selling for Specified Price	Selling for Specified Price or less
$ 4.00 to $7.99 per dozen	7.3%	7.3%
15.00 per dozen	19.3	26.6
15.75 to 22.50 per dozen	42.2	68.8
22.50 to 24.00 per dozen	15.7	84.5
Above $24.00 per dozen	15.5	100.0

Source: Statement by National Association of Blouse Manufacturers, in Wage and Hour Division Hearing Before Sub-Committee of Apparel Industry Committee, Testimony before Sub-Committee on Women's Coats, Suits and Dresses, March 15, 1939, p.5.

1/ U.S. Tariff Commission, Trade Agreement Between the United States and Great Britain, Digest of Trade Data, Vol. VII, Schedule 9, p. 21; Schedule 11, p. 27.
2/ U.S. Tariff Commission, Concessions Granted by United States in the Trade Agreement with Switzerland, p. 196.
3/ Statement by National Association of Blouse Manufacturers, in Wage and Hour Division, Testimony, Mr. Ray, chairman, March 15, 1939, p. 5.

In 1935 the Census of Business reported that 83.4 percent of the sales of blouses were made direct to retailers; 12.1 percent went to wholesalers or jobbers; while the remaining 4.5 percent were sold to industrial and other large users (table 5).

Table 5 - Blouses and Shirtwaists: Distribution of Manufacturers' Sales

Outlet	Percent of Sales 1/
Retailers	83.4
Wholesalers and Jobbers	12.1
Industrial and other large users	4.5
Total	100.0

1/ Total sales $24,579,000 excludes $2,413,000 received by 83 contractors for processing materials owned by others.
Source: Census of Business, 1935.

Information on the retail price mark-on of blouses alone is not available. The National Retail Dry Goods Association gives information on the mark-on in combined blouse and skirt departments. In 1937 for these two together, the mark-on ranged from 34.2 percent 1/ in the basement sections of department stores with annual sales of from $1,000,000 to $2,000,000, to 39.9 percent for specialty shops with annual sales of over $500,000. The average mark-on for all stores with sales of $500,000 or over annually, was 38.4 percent in main store departments and 35.2 percent in basement departments. 2/ In stores with sales of less than $500,000 the typical mark-on was 37.3 percent.

1/ National Retail Dry Goods Association, Departmental Merchandising and Operating Results of Department and Specialty Stores, 1937.
2/ Basement department statistics include sportswear, blouses, and skirts.

Financial-Competitive Conditions

The 1937 Census of Manufactures lists 192 factories manufacturing blouses with a product valued at $29,219,818, or an average of $150,000 per establishment. About 40 percent of the wage earners were in contract factories, which constituted one-third of all establishments. The small size of the average factory, the importance of contracting, and the small expense involved in starting a factory make the industry a highly competitive one. Ladies' neckwear producers also produce blouses. Firms outside New York make blouses only at peak seasons and make other products the rest of the year, their main products being cotton dresses, children's dresses, play suits, beach wear, and neckwear. 1/

Union Agreements

The majority of New York blouse manufacturers have agreements with the International Ladies' Garment Workers Union, which estimates the degree of unionization of the entire industry at 84 percent. 2/

A study of union contracts giving the hourly rates of pay 3/ shows that a wage of 40 cents or more is the prevailing minimum for the major occupations (table 6). In the New York area, for cities of 250,000 and under, a minimum of 36⅓ cents is provided for cleaners and examiners. In Chicago there is a blanket minimum of 32½ to 35 cents, and a minimum wage of 37½ cents for pressers and finishers. In Minneapolis there is a blanket minimum of 37½ cents. In Houston the blanket minimum is 32 cents.

1/ Wage and Hour Division, Ibid, p. 2.

2/ International Ladies Garment Workers Union, Memorandum Submitted to Apparel Industry Committee, Table III. An earlier estimate made of the degree of unionization by the union representative before the Apparel Industry Committee was 71 percent (Wage and Hour Division, Ibid., p. 117).

3/ Many association and independent agreements do not give hourly rates; they merely provide for machinery to fix piece rates or they give the piece rates themselves. Hence table 6 does not give a complete list or picture of all union agreements.

Table 6 - Blouses and Shirtwaists: Minimum Hourly Wage Rates Provided in Collective Agreements, May, 1939

Occupation	Metropolitan Areas							
	New York City	New York Area: Cities over 250,000	New York Area: Cities 250,000 and under	Philadelphia	Chicago	Minneapolis	Houston	San Francisco
Cutters and Patternmakers	$1.43	$1.16-$1.29½	$ .87-$1.03	$1.08½-$1.24	$.56-$.81			$ .90
Pressers		.55	.44		.37½-.48			.49-.50
Operators		.65	.52		.42½-.45			.57
Sample makers			.69					
Finishers		.50	.40		.37½			.48½-.50
Spreaders			.62	.79½				
Cleaners and Examiners	.46	.41 - .46	.36½					.44
Blanket Minimum				.43	.32½-.35	.37½	.32	

Source: Contracts of the International Ladies Garment Workers Union; statement of the National Association of Blouse Manufacturers in Wage and Hour Division, Hearings before the Sub-Committee of Apparel Industry Committee, Testimony before Sub-Committee on Women's Coats, Suits, and Dresses, March 15, 1939, p. 3; International Ladies Garment Workers Union, Memorandum to Apparel Industry Committee, Wage and Hour Division (April 1939), pp. 13-14.

(1350B)

Wages

Average hourly earnings of employees engaged in the production of blouses in the Spring of 1939 were 53.1 cents per hour, according to the recent survey of the Women's Bureau made for the Wage and Hour Division. The Bureau found "295 firms operating as inside manufacturers, manufacturing jobbers, or contractors, and employing approximately 10,300 persons", producing blouses.[1/] The survey covered over half the establishments and more than two-thirds of all the wage earners. The distribution of firms in business in the Spring of 1939, and those included in the survey, are shown in table 7.

Table 7 - Blouses: Location of Firms, Spring of 1939

State	Firms in business			Firms included in survey			
	Number of firms	Factory employees		Number of firms	Percent	Employees	
		Number	Percent			Number	Percent
Total	295	10,324	100.0	156	100.0	7,204	100.0
Percent	100.0	100.0		52.9		69.8	
California	22	601	5.8	13	8.3	554	7.7
Connecticut	5	353	3.4	3	1.9	275	3.8
Illinois	16	389	3.8	9	5.8	242	3.4
Massachusetts	10	320	3.1	6	3.8	191	2.7
New Jersey	20	783	7.6	14	9.0	681	9.5
New York	b/ 159	4,597	44.5	66	42.3	2,768	38.4
Pennsylvania	54	3,093	30.0	42	26.9	2,425	33.7
Other States a/	9	188	1.8	3	1.9	68	0.9

Source: Women's Bureau Survey of Blouses.

a/ Other States are Minnesota, Michigan, Washington, Missouri, Delaware, Rhode Island and Oregon; firms in the first three listed states were included in survey.

b/ Includes 57 manufacturing jobbers not scheduled and 12 manufacturing jobbers scheduled.

1/ "Firms whose volume of manufacture was in blouses during the period for which payroll data were taken were counted as blouse manufacturers for purposes of this survey. One-fourth of those scheduled produced other garments in minor quantities in the same period, such garments being skirts, jackets, dresses, playsuits, beachwear, slacks, shorts, underwear, children's dresses, negligees, and neckwear. Over two-fifths of the blouse firms scheduled had produced blouses and one or more other types of garments during 1938." (1350B)

The study shows that of the wage earners covered (table 8),

7.6	percent	received	less	than	30.0¢	per	hour
11.0	"	"	"	"	32.5¢	"	"
15.4	"	"	"	"	35.0¢	"	"
21.5	"	"	"	"	37.5¢	"	"
26.3	"	"	"	"	40.0¢	"	"

Table 8 - Blouses: Percentage Distribution of Hourly Earnings, Spring 1939

Hourly Earnings (cents)	Employees		
	Number	Percent	Cumulative percent
Under 25.0	58	.9	.9
25.0, under 27.5	262	3.9	4.8
27.5, under 30.0	190	2.8	7.6
30.0, under 32.5	233	3.4	11.0
32.5, under 35.0	297	4.4	15.4
35.0, under 37.5	410	6.1	21.5
37.5, under 40.0	326	4.8	26.3
40.0, under 42.5	487	7.2	33.5
42.5, under 45.0	400	5.9	39.4
45.0, under 47.5	471	7.0	46.4
47.5, under 50.0	304	4.5	50.9
50.0, under 52.5	592	8.8	59.7
52.5, under 55.0	301	4.4	64.1
55.0, under 57.5	370	5.5	69.6
57.5, under 60.0	215	3.2	72.8
60.0, under 62.5	206	3.0	75.8
62.5, under 65.0	215	3.2	79.0
65.0, under 67.5	249	3.7	82.7
67.5, under 70.0	184	2.7	85.4
70.0, under 72.5	150	2.2	87.6
72.5, under 75.0	95	1.4	89.0
75.0, under 77.5	114	1.7	90.7
77.5, under 80.0	69	1.0	91.7
80.0, under 85.0	88	1.3	93.0
85.0, under 90.0	87	1.3	94.3
90.0, under 100.0	94	1.4	95.7
100.0 and over	298	4.4	100.1
Total	6,765	100.1	

Source: Women's Bureau Survey of Blouses.

Average earnings ranged from 41.3 cents per hour in Chicago 1/ to 61.0 cents in New York City (table 9). In Chicago shops, 8.8 percent of the workers received less than 30 cents per hour; 16.3 percent less than 32½ cents; 25.9 percent less than 35 cents; 37.7 percent less than 37.5 cents; and 52.2 percent less than 40 cents per hour. In New York City, on the other hand, 4.3 percent received less than 30 cents per hour; 6.1 percent less than 32½ cents; 9.3 percent less than 35 cents; 12.2 percent less than 37.5 cents; and 14.3 percent less than 40 cents per hour.

1/ Other States (Minnesota, Michigan and Washington) 39.1 cents per hour covering 66 wage earners.

Table 9 - Blouses: Distribution Of Hourly Earnings, By States And Cities, Spring, 1939

Hourly Earnings (cents)	California		Connecticut		Chicago		Massachusetts		New Jersey	
	Number	Cumulative Percent	Number	Cumulative Percent	Number	Cumulative Percent	Number	Cumulative Percent	Number	Cumulative Percent
Number of employees	487		271		228		183		620	
Average hourly earnings	48.9		51.9		41.3		49.3		43.4	
Under 25.0	-	-	-	-	-	-	1	.5	7	1.1
25.0, under 27.5	14	2.9	-	-	8	3.5	6	3.8	51	9.3
27.5, " 30.0	12	5.4	-	-	12	8.8	3	5.4	28	13.8
30.0, " 32.5	10	7.5	-	-	17	16.3	4	7.6	33	19.1
32.5, " 35.0	31	13.9	5	1.8	22	25.9	5	10.3	46	26.5
35.0, " 37.5	39	21.9	16	7.7	27	37.7	27	25.1	56	35.5
37.5, " 40.0	30	28.1	3	8.8	33	52.2	15	33.3	61	45.3
40.0, " 42.5	59	40.2	27	18.8	25	63.2	21	44.8	53	53.8
42.5, " 45.0	28	45.9	3	19.9	13	68.9	18	54.6	48	61.5
45.0, " 47.5	43	54.7	9	23.2	20	77.7	10	60.1	32	66.7
47.5, " 50.0	25	59.8	4	24.7	17	85.2	9	65.0	44	73.8
50.0, " 52.5	39	67.8	146	78.6	13	90.9	6	68.3	37	79.8
52.5, " 55.0	23	72.5	13	83.4	4	92.7	10	73.8	22	83.3
55.0, " 57.5	23	77.2	9	86.7	1	93.1	7	77.6	17	86.0
57.5, " 60.0	17	80.7	6	88.9	4	94.9	4	79.8	17	88.7
60.0, " 62.5	16	84.0	10	92.6	3	96.2	4	82.0	15	91.1
62.5, " 65.0	10	86.1	4	94.1	2	97.1	6	85.3	17	93.8
65.0, " 67.5	8	87.7	2	94.8	-	-	5	88.0	7	94.9
67.5, " 70.0	13	90.4	1	95.2	-	-	4	90.2	6	95.9
70.0, " 72.5	13	93.1	3	96.3	-	-	3	91.8	5	96.7
72.5, " 75.0	8	94.7	-	-	-	-	2	92.9	4	97.3
75.0, " 77.5	4	95.5	1	96.7	2	98.0	-	-	2	97.6
77.5, " 80.0	6	96.7	-	-	1	98.4	2	94.0	1	97.8
80.0, " 85.0	3	97.3	4	98.2	3	99.7	-	-	1	98.0
85.0, " 90.0	4	98.1	-	-	-	-	-	-	3	98.5
90.0, " 100.0	5	99.1	3	99.3	-	-	5	96.7	6	99.5
100 and over	4	100.0	2	100.0	1	100.0	6	100.0	1	100.0

Source: Women's Bureau Survey of P[illegible].

Table 9 (Cont'd) - Blouses: Distribution Of Hourly Earnings, By States And Cities, Spring, 1939

Hourly Earnings (cents)	New York City		Upstate New York		Pennsylvania		Other States 1/	
	Number	Cumulative Percent	Number	Cumulative Percent	Number	Cumulative Percent	Number	Cumulative Percent
Number of employees	1,825		778		2,307		66	
Average hourly earnings	61.0		48.6		53.9		39.1	
Under 25.0	12	.7	4	.5	33	1.4	1	1.5
25.0, under 27.5	40	2.9	20	3.1	123	6.7	-	-
27.5, " 30.0	26	4.3	23	6.1	81	10.2	5	9.1
30.0, " 32.5	33	6.1	26	9.4	108	14.9	2	12.1
32.5, " 35.0	58	9.3	32	13.5	93	18.9	5	19.7
35.0, " 37.5	53	12.2	57	20.8	104	23.4	31	66.7
37.5, " 40.0	39	14.3	27	24.3	114	28.3	4	72.8
40.0, " 42.5	89	19.2	74	33.8	132	34.0	7	83.4
42.5, " 45.0	91	24.2	50	40.2	149	40.5	-	-
45.0, " 47.5	159	32.9	69	49.1	125	45.9	4	89.5
47.5, " 50.0	69	36.7	39	54.1	96	50.1	1	91.0
50.0, " 52.5	134	44.0	107	67.9	109	54.8	1	92.5
52.5, " 55.0	78	48.3	48	74.1	102	59.2	1	94.0
55.0, " 57.5	135	55.7	60	81.8	118	64.3	-	-
57.5, " 60.0	48	58.3	28	85.4	88	68.1	3	98.5
60.0, " 62.5	59	61.5	17	87.6	82	71.7	-	-
62.5, " 65.0	79	65.8	23	90.6	74	74.9	-	-
65.0, " 67.5	127	72.8	14	92.4	86	78.6	-	-
67.5, " 70.0	80	77.2	16	94.5	64	81.4	-	-
70.0, " 72.5	53	80.1	9	95.7	64	84.2	-	-
72.5, " 75.0	39	82.2	12	97.2	30	85.5	-	-
75.0, " 77.5	49	84.9	4	97.7	52	87.8	-	-
77.5, " 80.0	21	86.1	2	98.0	36	89.4	-	-
80.0, " 85.0	34	88.0	3	98.4	40	91.1	-	-
85.0, " 90.0	37	90.0	6	99.2	37	92.7	-	-
90.0, " 100.0	31	91.7	1	99.3	43	94.6	-	-
100 and over	152	100.0	7	100.0	124	100.0	1	100.0

Source: Women's Bureau Survey of Blouses.

1/ Minnesota, Michigan, and Washington.

(1350B)

Possible Effect of Various Minimum Wage Rates on Total Wage Bill

The mere determination of the number or percentage of the total employees receiving less than a certain wage throws little light on the subject of the effect of such a minimum wage rate on the total wage bill. The low paid employees receive less than a proportionate share of the wage bill. A minimum wage rate, therefore, which necessitates an increase in wages for, let us say, 30 percent of the employees, may result in a slight increase in the wage bill. In order to measure the effect of a minimum wage rate on the wage bill it is necessary to determine what percentage of the total wage bill is received by each employee or group of employees and then multiply that percentage of the wage bill by the percent the wages of the individual or group are increased. This calculation is repeated for each group receiving less than the proposed minimum. The sum of the results will be the percentage increase in the total wage bill necessitated by the establishment of the proposed minimum wage.

If, for example, a minimum wage rate of 32.5 cents per hour were established for blouses and shirtwaists, the wages of those employees receiving between 25.0 and 27.5 cents (26.25 cents) per hour would be increased by 23.8 percent. Each of these employees, however, receives only 49 percent of the average wage. The group, amounting to 5.9 percent of the total number of employees, received 1.93 percent of the wage bill (5.9 percent of employees X 49 percent of the average wage). A 23.8 percent increase of 1.9 percent of the wage bill would necessitate an increase in the total wage bill of 0.46 of one percent. In a like manner, increases to other groups receiving less than 32.5 cents per hour are computed and the increases in the wage bill resulting from the increase to each group are totaled. Thus the establishment of a minimum wage of 32.5 cents would necessitate an increase in the total wage bill of 0.91 of one percent (table 10).

Table 10 - Blouses: Calculation of the Percentage Increase in the Total Wage Bill Resulting from the Establishment of a 32½-cent Minimum

Midpoint of wage rate group		Average wage rate		Ratio of midpoint of wage rate to average wage rate		Percent of employees receiving the wage rate		Percent of wage bill received by group		Percent increase of wages in group expressed as decimal		Percent increase in total wage bill
22.5	÷	53.1	=	.424	X	.9	=	.382	X	.444	=	.17
26.25	÷	53.1	=	.494	X	3.9	=	1.93	X	.238	=	.46
28.75	÷	53.1	=	.541	X	2.8	=	1.51	X	.130	=	.20
31.25	÷	53.1	=	.588	X	3.4	=	2.00	X	.040	=	.08
								Total increase in wage bill				.91

A minimum wage of 30.0 cents per hour would necessitate an increase in the total wage bill of 0.47 of one percent; a minimum of 35.0 cents per hour would necessitate an increase of 1.53 percent; a minimum of 37.5 cents would necessitate an increase of 2.40 percent; and a minimum of 40.0 cents would necessitate an increase of 3.52 percent (table 11).

Table 11 - Blouses: Percentage Increase in the Total Wage Bill Directly Resulting from the Establishment of a 30, 32½, 35, 37½ and 40-Cent Minimum Wage Rate

Minimum hourly wage rate of -	Percentage increase in total wage bill
30.0 cents	0.47
32.5 "	0.91
35.0 "	1.53
37.5 "	2.40
40.0 "	3.52

These calculations do not include increases which might be granted to wage earners whose wages are now above the various minima nor do they take account of possible increases in the productivity of the wage earners. The significance of these factors is so uncertain as to defy any exact calculation in advance.

Possible Effect of Various Minimum Wage Rates on Operating Costs

Labor costs comprise only one portion of total operating costs. Hence the percentage increase in operating cost resulting from any given minimum wage will be smaller than the corresponding increase in labor cost alone. The effect of a minimum wage on operating costs will depend on the ratio of labor cost to total operating costs as well as its influence on the wage bill.

The Women's Bureau survey obtained the ratio of labor costs to total operating costs in only three states, California (29 percent), Illinois (26 percent) and Pennsylvania (22 percent). For purposes of calculation a 30-percent ratio is taken. On this basis the direct effect of a 30-cent minimum wage would be to increase total operating costs by an average of 0.14 of one percent (14/100ths of one percent). A 32½-cent minimum would increase the average operating costs by 0.27 of one percent; a 35-cent minimum would necessitate an increase in operating costs of 0.46 of one percent; a 37½-cent minimum would increase these operating costs by 0.72 of one percent; and a 40-cent minimum would increase operating costs by 1.05 percent.

Possible Effect of Various Minimum Wage Rates on Total Wage Bill in the Different States

Previously the effects of various minima have been shown for the wage bill and operating costs in the United States as a whole. Similar information can be given as to the possible effects of the various minima in the individual areas of production.

At a 32.5-cent minimum, the smallest percentage increase in the wage bill would occur in New York City shops (0.46 of one percent), and the largest would occur in New Jersey shops (1.98 percent). For a 40-cent minimum the smallest change is shown in Connecticut with an increase in the wage bill of 0.67 of one

percent, and the largest is shown for shops in New Jersey [1] where the average wage bill would be increased by 7.40 percent (table 12).

Table 12 - Blouses: Percentage Increase in the Total Wage Bill in States and Cities Directly Resulting from the Establishment of a 30, 32½, 35, 37½ and a 40-Cent Minimum Wage Rate

Minimum hourly wage rate	California	Connecticut	Chicago	Massachusetts	New Jersey	New York City	Up-State New York	Pennsylvania	Other states a/
30.0 cents	0.29	-	0.48	0.37	1.03	0.25	0.35	0.64	0.53
32.5 "	.62	-	1.24	.70	1.98	.46	.75	1.23	1.21
35.0 "	1.16	0.04	2.51	1.44	3.29	.78	1.34	2.01	2.22
37.5 "	2.08	.27	5.44	1.99	5.07	1.22	2.22	2.99	4.99
40.0 "	3.34	.67	7.16	3.53	7.40	1.76	3.38	4.19	9.45

a/ Minnesota, Michigan and Washington.

Possible Effect of Various Minimum Wage Rates on the Wage Bill in Establishments with Specified Average Hourly Earnings

The average hourly earnings of wage earners differ between establishments. The Women's Bureau Survey found, for example, the average hourly earnings of all employees in one establishment to be between 25.0 and under 27.5 cents, and in another the average hourly earnings to be between 85.0 and 87.5 cents (table 13). Of the 156 firms studied, 91 or 58 percent of the establishments, employing 4,634 wage earners or 68 percent of the total, paid average hourly earnings of from 42.5 cents to 65.0 cents. About one-fourth of the firms employing about one-sixth of the wage earners paid average hourly earnings of from 25.0 cents to 42.5 cents. And about one-fifth of the firms employing about one-seventh of the workers paid average hourly earnings of from 65.0 cents to 87.5 cents.

1/ Other states (Minnesota, Michigan and Washington) showed an increase of 9.45 percent for establishments employing a total of 68 wage earners.

Table 13 - Blouses: Plant Average Hourly Earnings by State and City

Plant average hourly earnings of (cents)	Number of firms										Total number of wage earners
	Boston	California	Chicago	Connecticut	New Jersey	New York City	Up-state New York	Pennsylvania	Other states	Total	
Total	6	13	9	3	14	53	13	42	3	156	6,765
25 and under 27.5								1		1	17
27.5 " " 30.0		1								1	7
30.0 " " 32.5					2			1		3	103
32.5 " " 35.0								2		2	163
35.0 " " 37.5		1	2		1			3	1	8	219
37.5 " " 40.0			3		2	1	2	3	1	12	359
40.0 " " 42.5					2	2		4	1	9	312
42.5 " " 45.0	1	2	2		2	1		4		12	542
45.0 " " 47.5	1	2	1			2	3	1		10	431
47.5 " " 50.0		3		1		2	4	3		13	775
50.0 " " 52.5	1	2	1	1	3	1	2	2		13	500
52.5 " " 55.0	1			1		3		1		6	454
55.0 " " 57.5	2				1	4		2		9	419
57.5 " " 60.0						8	1	3		12	637
60.0 " " 62.5						2	1	4		7	503
62.5 " " 65.0		1			1	4		3		9	373
65.0 " " 67.5						2		1		3	108
67.5 " " 70.0		1				3		1		5	193
70.0 " " 72.5						4		1		5	111
72.5 " " 75.0						3		2		5	258
75.0 " " 77.5						6				6	140
77.5 " " 80.0						3				3	112
82.5 " " 85.0						1				1	6
85.0 " " 87.5						1				1	23

Source: Women's Bureau Survey of Blouses.

The distribution of plants with average hourly earnings below and above 42.5 cents is as follows:

State and City	Plants with average hourly earnings of-	
	Below 42.5 cents	42.5 cents and above
Boston	0	6
California	2	11
Chicago	5	4
Connecticut	0	3
New Jersey	7	7
New York City	3	50
Up-state New York	2	11
Pennsylvania	14	28
Other States	3	0
Total	36	120

The degree to which the wage bill of individual establishments will be affected by a given minimum wage depends upon the distribution in such plants of the employees among the various wage groups. In plants with low average hourly earnings, while generally there are some employees receiving relatively high wages, there will be a heavy concentration in the low wage groups. As the plant average increases generally the proportion of the employees receiving relatively high wages increases and a progressively smaller number of wage earners is concentrated in the low wage brackets. The effects of a minimum wage rate of 30.0, 32.5, 35.0, 37.5, and 40.0 cents per hour on the wage bills of establishments with specified plant averages are shown in Table 14 (see pp.14-15 for method of calculation).

Table 14 - Blouses: Percentage Increase in Wage Bill of Plants Having Specified Average Earnings Directly Resulting from the Establishment of Minimum Wage Rates of 30.0, 32.5, 35.0, 37.5, and 40.0 Cents per Hour. a/

Minimum wage rate of	Increase in wage bill of plants with average hourly earnings of - (cents) 25.0 under 27.5	27.5 under 30.0	30.0 under 32.5	32.5 under 35.0	35.0 under 37.5	37.5 under 40.0	40.0 under 42.5	42.5 under 45.0	45.0 under 47.5	47.5 under 50.0	50.0 under 52.5	52.5 under 55.0
30.0 cents	17.1	6.8	6.4	4.5	2.7	1.2	0.8	0.5	0.4	0.3	0.1	0.1
32.5 "	24.4	13.7	9.7	8.2	5.0	2.6	1.7	1.0	.9	.7	.3	.2
35.0 "	31.6	21.7	14.6	12.6	7.8	4.7	3.1	1.8	1.6	1.2	.5	.3
37.5 "	39.2	30.4	21.2	17.7	11.4	7.4	5.2	3.1	2.6	2.0	1.1	.6
40.0 "	47.6	39.1	28.0	23.4	15.8	11.0	8.1	5.1	4.0	3.1	1.8	1.1

Minimum wage rate of	Increase in wage bill of plants with average hourly earnings of - (cents) 55.0 under 57.5	57.5 under 60.0	60.0 under 62.5	62.5 under 65.0	65.0 under 67.5	67.5 under 70.0	70.0 under 72.5	72.5 under 75.0	75.0 under 77.5	77.5 under 80.0	82.5 under 85.0	85.0 under 87.5
30.0 cents	0.3	0.1	0.3	0.1	0.1	0.1	0.1	0.0	0.3	0.0	0.7	0.5
32.5 "	.6	.2	.5	.1	.1	.2	.2	.1	.5	.1	1.2	1.1
.0 "	1.0	.4	.9	.2	.3	.4	.4	.2	.8	.2	1.7	1.6
.5 "	1.5	.6	1.4	.4	.6	.6	.7	.3	1.2	.3	2.2	2.4
.0 "	2.3	1.1	2.0	.6	1.0	.9	1.2	.6	1.6	.5	2.7	3.1

a/ Does not include very small increases in wage bills for the 58 scattered employees receiving under 25.0 cents per hour. Increases in the earnings of these employees would raise the wage bill by less than one percent except for plants with averages of 25.0 to 27.5 cents an hour (4.5 percent).

The establishment of a minimum wage rate of 30.0 cents or more per hour would substantially increase the wage bill of those plants in which average hourly earnings are extremely low. If, for example, a 30.0-cent minimum were established, the wage bill of plants paying an average hourly wage of 25.0 and under 27.5 might be increased by as much as 17 percent; and a 40-cent minimum might increase the wage bill of these plants by as much as 48 percent. It should be noted, however, that the sample studied, which included 53 percent of the firms and 70 percent of the employees, revealed only one such plant. About 73 percent of the firms employing about 82 percent of the workers paid average hourly wages ranging from 42.5 cents to 87.5 cents. The maximum increase in the wage bill directly resulting from the establishment of a 40-cent minimum wage rate in these plants employing four-fifths of the workers ranges from 5.1 percent to less than one percent.

Effect of Increased Operating Costs on Prices

As shown above, the establishment of a 40-cent minimum - the highest permissible - would result in an average increase of about one percent in operating costs. It has already been pointed out that about 83 percent of sales of blouses are made directly to retailers. In 1937, the cumulative mark-on in all department stores and specialty stores with sales of $500,000 or over averaged from 34 to 40 percent.[1/] Assuming such a mark-on, the one percent increase in operating costs might increase the average retail price of blouses by about 1.5 percent; such increase may not be expected to curtail retail sales substantially.

1/ Controllers' Congress, National Retail Dry Goods Association, 1937 Departmental Merchandising and Operating Results, June 1938, p. 72.

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